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COMMISSIONER

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MEMORANDUM

TO: Members of the General Assembly

FROM: M. D. Goetz, Jr.

DATE: November 9, 2006

SUBJECT: Cover Tennessee Status - October

The purpose of this correspondence is to provide a status report to Members of the General Assembly concerning implementation of the **CoverTennessee** healthcare initiative. This spring the General Assembly adopted legislation, which is codified as Chapter 827 of the Public Acts of 2006, with the program components collectively referred to as Cover Tennessee. This legislation provided for the development of the following healthcare initiatives:

- **CoverKids**
- **AccessTN**
- **CoverTN**
- **ProjectDiabetes**

In addition, this Department is working on the new **CoverRx** pharmacy assistance program for uninsured Tennesseans with income under 250% of the federal poverty level. We are also collaborating with the Department of Education on statewide expansion of **Coordinated School Health**, a related program authorized under separate legislation.

As promised, the Cover Tennessee team is providing this status report to the Members of the General Assembly to apprise you of the progress and implementation milestones for these programs.

## Cover Tennessee

### Summary: Legislative Update 10-31-06

**CoverKids:** Comprehensive Health Insurance for uninsured children under 19, under 250% FPL

- Dr. Andrea D. Willis hired as Director of CoverKids
- Series of meetings conducted with children's hospitals, pediatricians and advocates in Chattanooga, Knoxville, Memphis and Nashville regarding program development and benefit design
- Formal plan document submitted to CMS September 6, 2006. Negotiations ongoing.
- Near completion of RFP for plan administrator
- Near completion of enrollment and outreach mechanisms
- Timeline:
  - RFP pending for release in early November
  - Training of community entities to assist with applications January 2007
  - Enrollment immediately following CMS approval of state plan
  - Coverage beginning early 2007

**AccessTN:** Comprehensive health insurance for uninsurables under a state-run high-risk pool

- David Hilley, J.D. has been hired as Director of AccessTN
- The AccessTN Board of Directors has been named, and has held three meetings
- The AccessTN Board has approved three benefit plans, including two PPO options and one Health Savings Account eligible option.
- AccessTN has received a \$1million CMS seed grant for program start-up costs
- Planning is ongoing for a premium assistance program for low-income participants
- Planning continues regarding application for HIFA waiver if AccessTN is exempted from the TennCare consent decrees
- Timeline:
  - RFP for plan administrator to be issued November, 2006
  - AccessTN expects to contract for Plan Administrator (3 plans) during Q4, 2006
  - Enrollment and benefits expected to begin Q1, 2007

**CoverTN:** Basic, affordable and portable health coverage for Tennessee's working uninsured

- Request for Information completed
- Advisory Council nominations under consideration
- Conducted many informational meetings in communities across the state with small business owners and advocacy organizations representing small businesses, including 8 sponsored by Chambers of Commerce and the NFIB, community meetings with Legislators, and employer meetings with the Department of Labor
- Launched online small business pre-qualification September, 2006
- Issued RFP October 6, 2006
- Hired Stephani Ryan, Program Director, October, 2006
- Timeline:
  - Proposals due November 27, 2007
  - Award plan administrators (2 plans) by January, 2007
  - Enrollment and benefits during Q1, 2007

**CoverRx:** Pharmacy assistance for uninsured Tennesseans under 250% FPL

- RFI completed
- RFP Issued August, 2006
- Contract awarded October, 2006
- Timeline:
  - Contract awarded, October, 2006
  - Auto-enrollment of Mental Health Safety Net participants, December, 2006
  - Open enrollment begins January, 2007

**Project Diabetes:** Grant programs to enhance prevention, education, and treatment for Type 2 Diabetes and Obesity

- Board of Trustees announced and first meeting in the planning stages
- Process of establishing non-profit organization underway
- NIH grant for Healthy Teen interventions underway
- Launched GetFitTN with Eddie George as spokesperson
- Launched [www.GetFitTN.gov](http://www.GetFitTN.gov)
- Timeline:
  - Announced Board November, 2006
  - Announce 10 additional schools for NIH program November, 2006
  - Issue request for grant proposals to providers November, 2006
  - Fund grants for providers December, 2006

**Coordinated School Health:** School-based educational programs to encourage healthy living and prevention for Type 2 Diabetes and Obesity

- Preparing for expansion of Coordinated School Health to schools statewide
- Issued request for grant proposals August, 2006
- Timeline:
  - Funded 19 school district awards November, 2006

**Other**

- A toll free number has been established 1-866-COVERTN with live operators available to answer questions about Cover Tennessee programs
- Web site created at [www.CoverTN.gov](http://www.CoverTN.gov) that allows individuals to sign up for email updates as Cover Tennessee programs develop in the coming months
- Application launched at [www.CoverTN.gov](http://www.CoverTN.gov) that allows businesses to pre-qualify to offer CoverTN
- Update list is now at over 17,000 individuals
- Planning is underway for procurement of appropriate marketing and outreach services for all programs

## **Cover Tennessee Legislative Update 10-31-06**

### **CoverKids**

CoverKids will offer comprehensive health insurance for Tennessee's uninsured children. It is Tennessee's version of a State Children's Health Insurance Program (SCHIP) as authorized by Title 21 of the Social Security Act. Federal funds are available to provide support of 74% of the program's benefit cost (effectively offering a \$3 to \$1 match for each state dollar invested) and will match administrative expenses up to 10% of the benefit costs for federally eligible recipients.

Federal rules require that a State Plan for SCHIP implementation must be approved by the Centers for Medicare and Medicaid Services (CMS) before receipt of the federal match. That plan was submitted by the state on September 6, 2006. CMS has up to 90 days to approve the plan. In September, CMS stopped the clock with a first batch of questions. Staff has answered these questions, so the clock is once again ticking and negotiations with CMS are ongoing.

Enrollment is anticipated to begin immediately following federal approval of the CoverKids plan. All applicants for SCHIP coverage must first be screened for Medicaid eligibility before enrolling in the CoverKids program.

According to federal rules, benefits must be based on the benefit package utilized in a benchmark plan. The CoverKids program will use the state employee PPO health plan as the baseline for CoverKids benefits planning. Tennessee's proposal is based on a financial model which provides appropriate risk protection through fully insured coverage. The staff has proposed a benefit package and recommended that there be no participant premiums for participating families under 250% FPL.

CoverKids representatives have conducted forums with pediatricians, children's hospitals, and child advocates across the state to share current CoverKids planning and solicit input for more thorough plan design. At presstime, a Request for Proposals for plan administration was pending. We expect to issue the RFP in early November.

### **AccessTN**

AccessTN will offer comprehensive health insurance for Tennesseans who are uninsurable because of health-related conditions. AccessTN will be a state-run, high-risk pool that will resemble pools operated in 33 other states. The benefits provided under AccessTN will be modeled after the benefits provided under the state employee health plan. AccessTN is funded through a combination of participant premiums, state appropriations and assessments on the health insurance industry, including self-insured entities.

The authorizing legislation requires a thirteen-member Board of Directors to adopt a plan for operations and ongoing funding. The Board has been appointed and represents a cross-section of the public, the legislature, doctors, hospitals, insurance carriers, and governmental agencies whose cooperation is needed to improve access to insurance for the uninsurable. Lt. Governor John Wilder has designated Senator Jim Kyle to represent the Senate and Speaker Jimmy Naifeh has selected Representative Gary Odom to represent the House of Representatives.

The AccessTN board has held four meetings to date and anticipates its next meeting for early December.

The Board has adopted bylaws for its operations and has received a timeline for development of the AccessTN Operations Plan. This plan is subject to review by the Commissioner of Finance & Administration and the Comptroller.

The authorizing legislation requires that AccessTN offer two types of health insurance coverage. One type will be a Preferred Provider Organization (PPO) plan similar to the state employee health insurance plans and the other will be a high deductible plan, based on a consumer-driven model, and will include an optional health savings account. The AccessTN Board has adopted two PPO plans with deductibles of \$1000 and \$5000, and an HSA qualified plan with a \$2500 deductible. Information on these plans and resulting premiums is attached.

Earlier this year, Tennessee had a brief window of opportunity to apply for a \$1 million seed grant from CMS to start a state-run high-risk pool for uninsurable Tennesseans. In October, we were notified that we have been awarded that grant. Our current understanding is that acceptance of these funds will not put AccessTN under any obligation to meet any kind of federal regulations with regard to eligibility or areas of service. Legal counsel is currently confirming that this would be the case before the state accepts the funds.

At presstime, a Request for Proposals for a plan administrator was pending release. It is anticipated that the tasks assigned to an administrator would be typical of those expected in a self-insured arrangement with the addition of eligibility determination, premium collection and the maintenance of basic financial records. There may also be a separate procurement for services related to premium assistance administration and disease management when the AccessTN Board adopts its Operations Plan.

The Division of Insurance Administration within the Department of Finance & Administration is developing a recommendation to the AccessTN Board for using the premium assistance authority provided in the enabling legislation. \$5 million has been appropriated for general premium assistance, and an additional \$8 million has been appropriated for TennCare disenrollees.

A separate non-recurring appropriation of \$25 million has been earmarked for the pursuit of federal matching funds through a HIFA waiver (Health Insurance Flexibility Act). The HIFA waiver is discussed in Chapter 951 of the Public Acts of 2006. It is worth noting, however, that one of the guiding principles of AccessTN is that program flexibility be maintained and that the impact of federal regulations be minimized.

The State's attorneys in the TennCare litigation and the plaintiffs' counsel have filed a joint motion to confirm that AccessTN will be excepted from the TennCare consent decrees, including Grier and Rosen. The State has indicated that it would not seek federal funds in the absence of a clarification that the TennCare consent orders would not affect AccessTN. The Rosen decree has been amended and the Grier decision is pending.

It is expected that AccessTN plan administrators will be announced in the fourth quarter of 2006, with enrollment and benefits to begin during early 2007.

## **CoverTN**

The heart of the Cover Tennessee program is CoverTN, an opportunity for working Tennesseans to obtain affordable, portable, basic health coverage. Participation in this plan during the first year will be driven by qualified small employers (25 or fewer full time equivalent employees) and the self-employed. This is an entirely voluntary program.

In October, 2006 the Cover Tennessee team has continued to spread the word about CoverTN among stakeholders and in communities across the state. Specifically, community meetings have been held in Henry,

Stewart, Anderson, Sevier, Hamblen, Cocke and Knox counties and presentations have also been made to 8 area Chambers of Commerce, the Insurors of Tennessee, the Hospital Alliance of Tennessee, the Tennessee Conference on Social Welfare, the Tennessee School Health Association, and the Tennessee Hospital Association.

In September we launched a web-based pre-qualification form so that small businesses could pre-qualify to offer CoverTN and guarantee that they will be among the first to receive enrollment materials from the plan administrators selected in the RFP process. Since then, almost 900 applications for pre-qualification have been received from small businesses interested in the program. Businesses can go to [www.CoverTN.gov](http://www.CoverTN.gov) to pre-qualify.

In October, the Department hired Stephani Ryan to direct CoverTN. Stephani Ryan joins CoverTN from the Department of Commerce and Insurance, where she spent the past 3 ½ years as the Director of Consumer Insurance Services. Prior to joining the State, Stephani worked with employers assisting with the implementation of employee benefit programs.

The Department issued a Request for Proposals for a Plan Administrator on October 6th, and held a pre-proposal conference for potential bidders on October 18<sup>th</sup>. In this Request for Proposals, premiums were specifically defined for the first time based on age groups, tobacco use, and whether a participant is normal weight or above. The RFP also defined the minimum benefit levels to be included in proposals. This premium information and information on minimum benefit levels have been included as attachments in this document.

Proposals are due November 27, 2006 and the expected start date for a contract is January, 2007, with enrollment to begin within the first quarter of 2007. According to statute, at least two plans will be selected to offer CoverTN participants a choice in benefit design. Additionally, statute requires that bidders have at least a "B+" or better financial rating.

## **CoverRx**

CoverRx builds upon the successful experience Tennessee has had with pharmacy assistance to disenrollees under the Health Care Safety Net created in 2005. CoverRx will replace the current program, continue to support the Mental Health Safety Net program and expand pharmacy assistance to other Tennesseans with a household income under 250% FPL who are uninsured or without drug coverage.

Specifically, the program will utilize a mostly generic formulary with select brand name medications. Participants will not be charged a premium but will pay a sliding scale co-payment when they fill a prescription. The program will also have a wrap-around discount for any medications not included in the formulary. Information on this program and the co-payments is included as an attachment.

In October Kendra Gipson was formally hired to direct CoverRx. Gipson has been in the Department of Finance and Administration's Office of Consulting Services for the past two years working as a Senior Management Consultant. Employed by the State of Tennessee for nine years, Kendra has a wide array of statewide and departmental program and policy experience.

An RFP for Cover Rx was issued August 30, 2006 and we awarded a contract in October, 2006. Current participants of the Mental Health Safety Net will be auto-enrolled beginning in December, 2006. Open enrollment and pharmacy assistance will begin in January, 2007.

## **ProjectDiabetes**

The Diabetes and Health Improvement Act of 2006 authorizes the establishment of the Tennessee Center for Diabetes Prevention and Health Improvement. The purpose of the Center is to develop, implement, and promote a statewide effort to combat the proliferation of Type 2 diabetes. The Center will have a Board of Trustees and is also authorized to establish a not-for-profit organization. The Board has been announced and the first board meeting for the Tennessee Center for Diabetes Prevention and Health Improvement is in the planning stages for November 2006.

The Center is authorized to administer two grant programs. The first program is to provide grants to high schools to promote the understanding and prevention of diabetes. Two Tennessee high schools, Cookeville High School and Haywood County High School, have been selected to participate in program administered grants from the National Institutes of Health. Ten additional high schools will be selected to participate in an expanded grant program, building upon the NIH grant framework. The NIH grant schools began program implementation in October, 2006.

The second set of grants will go to providers of services related to the prevention and/or treatment of diabetes. These grants are targeted at evidence-based programs focusing on new or expanded populations and/or innovative approaches to address this disease. Requests for grants to providers are expected to be released in November with grant funds distributed in December 2006.

In October, 2006 Governor Bredesen announced GetFitTN, an awareness campaign that will serve as the public face of Project Diabetes. This campaign is focused on communicating the importance of healthy behaviors such as daily physical activity, good nutritional choices, and lifestyle changes in the prevention and/or treatment of overweight/obesity, prediabetes, and diabetes. Former Tennessee Titan Eddie George is volunteering his time to serve as the spokesperson for GetFitTN. More information is available at [www.GetFitTN.com](http://www.GetFitTN.com).

GetFitTN has been to Johnson City, Knoxville, and Nashville this month to promote awareness through media interviews, public appearances, the MSHA Children's Health Summit, and the Insuror's convention. Mountain State Health Alliance became the first corporate member of TeamTN and Coach Phil Fulmer of UT was also recognized as a Team member.

## **Coordinated School Health**

Tennessee's Coordinated School Health program began with 10 pilot sites in 2001 in accordance with the model developed by the Centers for Disease Control. These programs are designed to combat a variety of health-related concerns such as lack of exercise, poor eating habits and physical or mental abuse. Participating school systems engage parents, school personnel and the wider community in creating a culture that emphasizes physical activity and healthy eating habits as well as mental, emotional and social health.

The program's success has led Tennessee to become the first state to mandate and fund a statewide Coordinated School Health program. An evaluation of these pilots in 2005 demonstrated improved nurse to student ratios, accelerated progress in math and language arts achievement, increased class time in physical education, and improved graduation rates.

The Tennessee Department of Education issued a request for grant proposals in mid-August, 2006 and has awarded grants to 19 school districts to expand Coordinated School Health Program. All Tennessee school systems are expected to implement a coordinated school health program by the 2007-08 school year.

## Communications and Outreach

In recent weeks staff has launched a web site to provide information on each Cover Tennessee program. This site can be accessed at [www.CoverTN.gov](http://www.CoverTN.gov). This site will evolve as we continue to develop each of the programs. We have also implemented a call center with live operators to answer questions on Cover Tennessee programs at 1-866-COVERTN. The best way for constituents to stay up-to-date with the most current information available on Cover Tennessee programs is to sign up for email updates at [www.CoverTN.gov](http://www.CoverTN.gov) or at 1-866-COVERTN.

In October, an email update was sent out on October 10, 2006 (attached). To date, over 17,000 people have signed up for email updates and/or enrollment information. For the most current and in-depth information, we recommend signing up with an email address so that you can receive electronic updates. Physical addresses will receive enrollment information.

The Cover Tennessee team has been and will continue presenting these programs across the state to get the word out at the grassroots level about solutions for the uninsured. If you have a potential speaking engagement where it would be appropriate to include a presentation on Cover Tennessee programs, please let us know and we will do our best to accommodate you, or at least equip you with the operative information.

Looking forward, our team is developing RFPs for marketing and outreach services to support these important initiatives. We anticipate that CoverKids marketing and outreach will be the first to launch and that the umbrella marketing campaign for the suite of Cover Tennessee products will be added during first quarter of 2007.

In other states, the most successful marketing and outreach initiatives for programs like these has included a marketing/awareness campaign that is integrated with community outreach through schools, providers, churches, and other business and community groups. We are seeking to build on these elements to drive enrollment in these products.

Recent email updates on Cover Tennessee programs are attached for your reference.



# Attachment 1: CoverTN Premiums and Minimum Benefits

As presented in the RFP at <http://www.state.tn.us/finance/rds/ocr/rfp/rfp31730041.pdf>

| Total Premium Amounts |                      |              |  |                      |              |
|-----------------------|----------------------|--------------|--|----------------------|--------------|
|                       | Does Not Use Tobacco |              |  | Uses Tobacco         |              |
| Age                   | <i>Normal Weight</i> | <i>Obese</i> |  | <i>Normal Weight</i> | <i>Obese</i> |
| Under 30              | \$103                | \$113        |  | \$123                | \$133        |
| 30-39                 | \$126                | \$139        |  | \$146                | \$159        |
| 40-49                 | \$155                | \$170        |  | \$175                | \$190        |
| 50-59                 | \$189                | \$208        |  | \$209                | \$228        |
| 60-64                 | \$216                | \$238        |  | \$236                | \$258        |
| 65+                   | \$253                | \$278        |  | \$273                | \$298        |

| 1/3 Share of Premium Amounts |                      |              |  |                      |              |
|------------------------------|----------------------|--------------|--|----------------------|--------------|
|                              | Does Not Use Tobacco |              |  | Uses Tobacco         |              |
| Age                          | <i>Normal Weight</i> | <i>Obese</i> |  | <i>Normal Weight</i> | <i>Obese</i> |
| Under 30                     | \$34.33              | \$37.67      |  | \$41.00              | \$44.33      |
| 30-39                        | \$42.00              | \$46.33      |  | \$48.67              | \$53.00      |
| 40-49                        | \$51.67              | \$56.67      |  | \$58.33              | \$63.33      |
| 50-59                        | \$63.00              | \$69.33      |  | \$69.67              | \$76.00      |
| 60-64                        | \$72.00              | \$79.33      |  | \$78.67              | \$86.00      |
| 65+                          | \$84.33              | \$92.67      |  | \$91.00              | \$99.33      |



**Affordable, portable, basic health coverage for small business.**

## **Affordable**

- Premiums shared by employer, employee and the state, paying 1/3 each
- Individual's share of the premium: ranges from about \$30 per month for young, healthy person to about \$99 per month for older, obese, tobacco user

## **Portable**

- The individual owns the policy
- Individual can keep the coverage if they change or lose employment and continue to pay the non-State portion of the premium

## **Basic health coverage**

- \$25 co-pay for doctor's visit
- \$10 co-pay for prescription
- \$100 co-pay for ER/Hospital

## **A small business qualifies to offer CoverTN to all employees if it:**

- Is located in Tennessee
- Has 25 or fewer full time equivalent employees; also includes the self-employed
- Has 50% of the workforce earning \$41,000 or less
- Has not offered employer-sponsored insurance for 6 months, or if offered, the business has not paid 50% or more of employee premiums

## **An employee qualifies to participate in CoverTN, if the employee:**

- Lives in Tennessee
- Works more than 20 hours per week (on average)
- Is a U.S. citizen or qualified legal alien
- In the last six months, did not voluntarily stop any health insurance.

*CoverTN is practical, down-to-earth health insurance designed to offer affordable, portable coverage to Tennesseans who are living without health insurance today, starting with small business. Small businesses are the backbone of our state's economy, and it's time that we provide them with the same economies of scale enjoyed by large businesses and their employees.*

*We don't have it in our power to provide free health insurance to everyone without limits. But we can offer access to health insurance for those who want it. It's a reasonable first step, and I believe we are on the right track.*

*-- Governor Phil Bredesen*



LAUNCHING IN EARLY 2007

## About the Benefit Plan:

CoverTN creates affordable health insurance by providing coverage for most-needed health services for those without insurance today. Insurance companies are in the process of proposing benefit packages based on the premium limits outlined by the state. This means the coverage will be based on available funds and will always be financially stable.

The final details of plan benefits will not be available until insurance companies submit their proposals at the end of the year, but the benefits will include, at a minimum, the following:

- Physician services
- Hospital services
- Generic pharmacy coverage
- Outpatient services
- Mental health services
- Lab services

CoverTN will not have an upfront deductible. CoverTN offers first dollar coverage so that a new plan participant can begin using their benefits as soon as they are enrolled.

The complete parameters that an insurance plan must have to be considered as they compete to get CoverTN are detailed on pages 92 – 94 at <http://www.state.tn.us/finance/rds/ocr/rfp/rfp31730041.pdf>.

CoverTN premiums are shared equally between the employer, the individual and the state

|       | INDIVIDUAL'S SHARE OF MONTHLY PREMIUM |         |               |         |
|-------|---------------------------------------|---------|---------------|---------|
|       | Does Not Use Tobacco                  |         | Uses Tobacco  |         |
| Age   | Normal Weight                         | Obese   | Normal Weight | Obese   |
| <30   | \$34.33                               | \$37.67 | \$41.00       | \$44.33 |
| 30-39 | \$42.00                               | \$46.33 | \$48.67       | \$53.00 |
| 40-49 | \$51.67                               | \$56.67 | \$58.33       | \$63.33 |
| 50-59 | \$63.00                               | \$69.33 | \$69.67       | \$76.00 |
| 60-64 | \$72.00                               | \$79.33 | \$78.67       | \$86.00 |
| 65+   | \$84.33                               | \$92.67 | \$91.00       | \$99.33 |

## Spouses and children coverage:

- An employee's spouse may enroll for a separate CoverTN policy. The employer does not have to pay for any part of the spouse's premium. The employee must pay whatever portion of the spouse's premium the employer does not cover.
- Dependent children under age 19 should apply for coverage under CoverKids.

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Go to [www.CoverTN.gov/CoverTN.html](http://www.CoverTN.gov/CoverTN.html) today to pre-qualify to offer CoverTN at your business.

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**Part B: Summary of Benefits and Coverage**

For complete instructions, please see Attachment 6.4.

| Service Description                                  | Required?<br>(Yes/No) | Included in your<br>CoverTN plan?<br>(Yes/No) | CoverTN Cost-Sharing Requirements<br>(No deductibles or<br>coinsurance permitted) | Service Limitations/Exclusions | Copayment<br>(if any) |
|--|-----------------------|---|---|--------------------------------|-----------------------|
| <b>Hospital Inpatient</b>                            |                       |   |   |                                |                       |
| Medical  | YES                   | YES   | Maximum \$100 copay per admission.  |                                | \$                    |
| Surgical   | YES                   | YES   |   |                                | \$                    |
| Psychiatric  | YES                   | YES   | Maximum \$100 copay per admission.  |                                | \$                    |
| Substance Abuse                                      | YES                   | YES   | Maximum \$100 copay per admission.  |                                | \$                    |
| Dialysis Clinic                                      | No                    |   |   |                                | \$                    |
| Skilled Nursing Facility                             | No                    |   |   |                                | \$                    |
| Other (specify)                                      | No                    |   |   |                                | \$                    |
| <b>Hospital Outpatient</b>                           |                       |   |   |                                |                       |
| Emergency Room                                       | YES                   | YES   | Maximum \$100 copay per visit for non-emergency conditions.                       |                                | \$                    |
| Medical  | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| Surgery/Procedures                                   | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| Radiology  | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| Pathology  | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| Other (specify)                                      | No                    |   |   |                                | \$                    |
| <b>Outpatient Behavioral Health</b>                  |                       |   |   |                                |                       |
| OP Mental Health Services                            | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| OP Substance Abuse Services                          | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| <b>Physician Services</b>                            |                       |   |   |                                |                       |
| <i>Inpatient Surgery</i>                             |                       |   |   |                                |                       |
| Primary Surgeon                                      | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Anesthesia   | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| <i>Outpatient Surgery</i>                            |                       |   |   |                                |                       |
| OP Hospital  | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Surgical Center                                      | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Office   | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Inpatient Visits                                     | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| <i>Preventive Services</i>                           |                       |   |   |                                |                       |
| Adult preventive physical exams, including lab tests | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |

| Service Description                        | Required?<br>(Yes/No) | Included in your<br>CoverTN plan?<br>(Yes/No) | CoverTN Cost-Sharing Requirements<br>(No deductibles or<br>coinsurance permitted)   | Service Limitations/Exclusions | Copayment<br>(if any) |
|--|-----------------------|---|---|--------------------------------|-----------------------|
| Pap smears                                 | YES                   | YES   | Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay. |                                | \$                    |
| PSA  | YES                   | YES   | Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay. |                                | \$                    |
| Mammography                                | YES                   | YES   | Maximum \$10 copay per test (in addition to any physician fee, etc.); plans may instead have all-inclusive per visit copay. |                                | \$                    |
| Immunizations/Vaccinations                 | YES                   | YES   | No copay.   |                                | \$                    |
| Other (specify)                            |                       |   |   |                                | \$                    |
| Services related to ER visit               | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| <i>Diagnostic and Therapeutic Services</i> |                       |   |   |                                |                       |
| PCP visits                                 | YES                   | YES   | Maximum \$25 copay per visit; also, one visit without charge for health assessment every three years.                       |                                | \$                    |
| Specialist visits                          | YES                   | YES   | Maximum \$25 copay per visit.   |                                | \$                    |
| Lab  | YES                   | YES   | Maximum \$10 copay per test.  |                                | \$                    |
| Chemotherapy                               | No                    |   |   |                                | \$                    |
| Radiation                                  | No                    |   |   |                                | \$                    |
| Allergy tests, injections, and sera        | No                    |   |   |                                | \$                    |
| Other (specify)                            | No                    |   |   |                                | \$                    |
| <b>Other Provider Services</b>             |                       |   |   |                                |                       |
| PT, OT, and speech therapists              | No                    |   |   |                                | \$                    |
| Audiology                                  | No                    |   |   |                                | \$                    |
| Vision                                     | No                    |   |   |                                | \$                    |
| Chiropractic                               | No                    |   |   |                                | \$                    |
| Podiatry                                   | No                    |   |   |                                | \$                    |
| Dental Services                            | No                    |   |   |                                | \$                    |
| Urgent Care                                | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Other (specify)                            | No                    |   |   |                                | \$                    |
| <b>Radiology</b>                           |                       |   |   |                                |                       |
| IP (Professional)                          | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| OP (Professional)                          | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Office (Combined)                          | YES                   | YES   | Maximum \$25 copay per encounter.   |                                | \$                    |
| Other (specify)                            | No                    |   |   |                                | \$                    |

## Attachment 2: AccessTN Premiums and Benefits

| Plan 1000: \$1000 deductible |                        |              |                     |              |
|------------------------------|------------------------|--------------|---------------------|--------------|
|                              | Target Weight or Below |              | Above Target Weight |              |
|                              | Non Tobacco User       | Tobacco User | Non-Tobacco User    | Tobacco User |
| Under Age 30                 | \$ 387                 | \$ 445       | \$ 430              | \$ 494       |
| 30-39                        | \$ 450                 | \$ 517       | \$ 500              | \$ 574       |
| 40-49                        | \$ 546                 | \$ 628       | \$ 607              | \$ 698       |
| 50-59                        | \$ 649                 | \$ 747       | \$ 722              | \$ 830       |
| 60-64                        | \$ 766                 | \$ 881       | \$ 851              | \$ 979       |
| 65+                          | \$ 904                 | \$ 1,040     | \$ 1,005            | \$ 1,156     |

| Plan 2500: \$2500 deductible<br>(HSA Eligible) |                        |              |                     |              |
|--|------------------------|--------------|---------------------|--------------|
|  | Target Weight or Below |              | Above Target Weight |              |
|  | Non Tobacco User       | Tobacco User | Non-Tobacco User    | Tobacco User |
| Under Age 30                                   | \$ 318                 | \$ 366       | \$ 353              | \$ 406       |
| 30-39  | \$ 369                 | \$ 425       | \$ 410              | \$ 472       |
| 40-49  | \$ 449                 | \$ 516       | \$ 498              | \$ 573       |
| 50-59  | \$ 534                 | \$ 614       | \$ 593              | \$ 682       |
| 60-64  | \$ 630                 | \$ 724       | \$ 699              | \$ 804       |
| 65+  | \$ 743                 | \$ 855       | \$ 826              | \$ 950       |

| Plan 5000: \$5000 deductible |                        |              |                     |              |
|------------------------------|------------------------|--------------|---------------------|--------------|
|                              | Target Weight or Below |              | Above Target Weight |              |
|                              | Non Tobacco User       | Tobacco User | Non-Tobacco User    | Tobacco User |
| Under Age 30                 | \$ 273                 | \$ 313       | \$ 303              | \$ 348       |
| 30-39                        | \$ 317                 | \$ 364       | \$ 352              | \$ 404       |
| 40-49                        | \$ 384                 | \$ 442       | \$ 427              | \$ 491       |
| 50-59                        | \$ 457                 | \$ 526       | \$ 508              | \$ 584       |
| 60-64                        | \$ 539                 | \$ 620       | \$ 599              | \$ 689       |
| 65+                          | \$ 637                 | \$ 732       | \$ 708              | \$ 814       |

| AccessTN<br>OUTLINE OF PPO MEDICAL BENEFITS |  | Plan 1000<br>“Medium”   | Plan 2500<br>“HSA-eligible”  | Plan 5000<br>“Catastrophic”                             |
|---|--|---|--|---|
|   | <b>This listing is for illustration only; plan documents shall control.</b>  | <b>Note: Benefits are subject to change by the AccessTN Board of Directors.</b> |  |   |
|   | <b>PREVENTIVE CARE (first dollar- prior to deductible)</b>   | \$300   | \$300  | \$300   |
|   | <b>DEDUCTIBLES</b> Individual Maximum Deductible per Plan Year – In network<br>Out-of-network  | \$1,000<br>\$2,000  | \$2,500<br>\$2,500   | \$5,000<br>\$10,000                                     |
|   | Covered Expenses, as specified plan document , subject to maximum allowable charge   | 80% in-network 60% out-of-network   | 80% in-network 60% out-of-network  | 80% in-network 60% out-of-network                       |
|   | Pre-Existing Conditions Period- except as stated for specific benefits, to be determined by Board of Directors   | Underwritten based on 12 months   | Underwritten based on 12 months  | Underwritten based on 12 months                         |
|   | <b>Prescription Drugs - Pharmacy does not apply to out of pocket maximum except for Plan 2,500 – HSA</b>   | No deductible for outpatient drugs  | Deductible applies to drugs  | No deductible for outpatient drugs                      |
|   | [In addition to retail prices below, mail order program may offer incentive pricing, also to include willing network retail providers who contract to supply on same terms]  | Co-payment or coinsurance to be determined                                      | Co-payment or coinsurance to be determined   | Co-payment or coinsurance to be determined              |
|   | Generic  | \$10 co-payment (or cost if less)   | Covered under deductible, coinsurance and out-of-pocket limit to meet federal guidelines for an HSA eligible plan. (Annual pharmacy maximum for this plan pending) | \$15 co-payment (or cost if less)                       |
|   | Preferred Brand Drugs  | 25% coinsurance subject to a min. of \$25, max. of \$50                         |  | 30% coinsurance subject to a min. of \$30, max. of \$75 |
|   | Non-Preferred Brand-   | 50% coinsurance subject to a min. of \$50, max. of \$100                        |  | 60% co-payment subject to a min. of \$60, max. of \$150 |
|   | Non-covered Drugs  | as identified by formulary  | as identified by formulary   | as identified by formulary                              |
|   | <b>Maximum Out-of-Pocket Expense (see criterial next page)</b>   | \$5,000   | \$5,000  | \$10,000  |
|   | <b>Maximum Annual Benefits, except for supplemental Organ Transplants as below</b>   | \$120,000   | N/A  | \$100,000   |
|   | <b>Supplemental Maximum Benefit for Transplants</b>  | \$100,000   | \$100,000  | \$100,000   |
|   | <b>Maximum Lifetime Benefits</b><br>Subject to prior benefits incurred in another state high risk pool(s)  | \$1,000,000   | \$1,000,000  | \$1,000,000   |
|   | <b>Maximum Out-of-Pocket Expense</b><br>No out of pocket maximum for out-of-network services<br>No out of pocket maximum for pharmacy, except for Plan 2500, according to HSA regulations.<br>No out of pocket max. for co-pays- emergency room visits | \$5,000   | \$5,000  | \$10,000  |
|   | <b>Covered Services includes</b>   |   |  |   |
|   | Inpatient services- non-emergent service must be preauthorized   | 80% in-network 60% out-of-network   | 80% in-network 60% out-of-network<br>Limited to 45 days per year   | 80% in-network 60% out-of-network                       |

| <b>AccessTN</b>   | <b>Plan 1000</b>  | <b>Plan 2500</b>  | <b>Plan 5000</b>  |
|---|---|---|---|
| <b>OUTLINE OF PPO MEDICAL BENEFITS</b>  | <b>“Medium”</b>   | <b>“HSA-eligible”</b>                                   | <b>“Catastrophic”</b>                                   |
| Surgical Procedures<br>Diagnostic Lab and Imaging Services<br>Physician office visits<br>Preventive care after first dollar allowance above<br>Chemotherapy and Radiation Therapy<br>Organ Transplant (designated procedures) | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       |
| Maternity benefits- Covered only under optional rider.  | Not Covered   | Not Covered   | Not Covered   |
| <b>Approved/Accredited Rehabilitation Facility</b>  |   |   |   |
| Covered services listed below   | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       |
| Inpatient Rehabilitation Facility   |   | Limited to 45 days per year                             |   |
| Outpatient Rehabilitation Facility  | Limited to 45 days per year                             | Limited to 45 days per year                             | Limited to 45 days per year                             |
| Skilled Nursing Facility<br>(Following approved hospitalization.<br>Prior authorization required.)  | Limited to 45 days per year                             | Limited to 45 days per year                             | Limited to 45 days per year                             |
| Home Health Care  | 30 visits per year                                      | 30 visits per year                                      | 30 visits per year                                      |
| <b>Non-Hospital &amp; Non-Physician Services</b>  |   |   |   |
| Independently Practicing Physical Therapists, Speech Therapists, Occupational Therapists, Dialysis Clinics, Oral Surgeons, or Audiologists  | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       |
| <b>Non-Contracted Providers (Varies based on the network/services area outside of Tennessee)</b>  |   |   |   |
| <b>Emergency Services (in-state or out-of-state)</b>  |   |   |   |
| Emergency services (in -network or out-of-network)<br>Note: Out-of-network benefits will be reduced to non-PPO levels if the claims administrator determines the situation was not an emergency.                              | 80% of reasonable charges                               | 80% of reasonable charges                               | 80% of reasonable charges                               |
| Emergency Room Visit Co-payment –<br>waived if admitted ; Note: co-payment required even if out-of-pocket expenses have been met, except HSA)   | \$50 co-payment per use                                 | \$75 co-payment per use                                 | \$75 co-payment per visit                               |
| <b>Non-Emergent Care</b>  |   |   |   |
| <b>Urgent Care Situations</b><br>Urgent Care received at a walk-in clinic   | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       |
| Urgent Care received through hospital emergency room<br>(in addition to ER co-pay)  | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-network                       | 80% in-network 60% out-of-                              |
| <b>Appliances &amp; Equipment</b><br>Durable Medical Equipment  | 80% in-network 60% out-of-network<br>\$3,000 Annual Max | 80% in-network 60% out-of-network<br>\$3,000 Annual Max | 80% in-network 60% out-of-network<br>\$3,000 Annual Max |



| <b>AccessTN<br/>OUTLINE OF PPO MEDICAL BENEFITS</b>   | <b>Plan 1000<br/>“Medium”</b>  | <b>Plan 2500<br/>“HSA-eligible”</b>                 | <b>Plan 5000<br/>“Catastrophic”</b>                |
|---|--|---|--|
| <b>EXCLUSIONS</b><br>(This is a partial list- includes any services not medically necessary, etc.; see plan document for complete listing of exclusions.)   | <b>Cosmetic procedure</b><br><b>Human Growth Hormone</b><br><b>Hearing aids,</b><br><b>Eyeglasses, contacts, etc.</b><br><b>Dental services</b><br><b>Routine foot care</b><br><b>Maternity coverage, including routine newborn care</b><br><b>Assisted reproductive technology, including fertility drugs</b><br><b>Services or supplies related to obesity, including surgical or other treatment for morbid obesity</b> |   |  |
| <b>SCHEDULE OF PPO MENTAL HEALTH/<br/>SUBSTANCE ABUSE BENEFITS</b>  |  |   |  |
| <b>DEDUCTIBLES- No separate Mental Health deductible</b>  | Outpatient services not subject to plan deductible   | All services subject to health plan deductible      | Outpatient services not subject to plan deductible |
| <b>COINSURANCE<br/>for MENTAL HEALTH/ SUBSTANCE ABUSE</b>   | See below  | After \$2500 plan deductible met                    | See below  |
| Inpatient – Including Intermediate Care Services (the preauthorization process must be followed or benefits are reduced to 50% of the MAC of the 80/60% levels)   | 80% in-network<br>60% out-of-network<br>30 days  | 80% in-network<br>60% out-of-network<br>30 days     | 80% in-network 60% out-of-network<br>30 days       |
| Outpatient- In- Network<br>Out-of-Network, subject to MAC<br>[Note- Outpatient therapy sessions are NOT subject to plan deductible; Inpatient above and intermediate levels below are subject to deductible.] | 80% in-network<br>60% out-of-network<br>30 sessions  | 80% in-network<br>60% out-of-network<br>30 sessions | 80% in-network 60% out-of-network<br>30 sessions   |
| Expenses determined not to be medically necessary by the utilization review organization  | \$0  | \$0   | \$0  |

### Intermediate Care

All intermediate levels of care will be counted as inpatient for purposes of plan limitations.

- Residential Treatment: defined as a 24-hour level of residential care that is medically monitored, with 24-hour medical availability and 24-hour onsite nursing services. 1.5 residential treatment days = 1 inpatient day
- Partial Hospitalization: defined as structured and medically supervised day, evening and/or night treatment programs where program services are provided to patients at least 4 hours/day and are available at least 3 days/week, although some patients may need to attend less often.  
2 partial hospitalization days = 1 inpatient day
- Intensive Outpatient: defined as an intensive outpatient program, usually comprised of coordinated and integrated multidisciplinary services, having the capacity for a planned, structured, service provision of at least 2 hours per day and 3 days per week, although some patients may need to attend less often.
- 5 structured outpatient days = 1 inpatient day

### Substance Abuse Limitations

- Lifetime maximum: Two inpatient stays – maximum of 28 days per stay. A stay is any substance treatment counted as inpatient (including intermediate levels of care) where the duration is between 1 inpatient day and 28 inpatient days.
- Lifetime maximum: Two inpatient stays for detoxification – maximum of 5 days per stay. A stay is any detox treatment counted as inpatient (including intermediate levels of care) where the duration is between 1 inpatient day and 5 inpatient days.

### Additional Mental Health Limitations

- Inpatient care limit of 30 days per plan year (intermediate levels of care will be considered inpatient treatment for purposes of this limitation).
- Outpatient care limit of 30 visits per plan year is for mental health/substance abuse combined.
- Payment is based on the MAC. Covered persons will be responsible for the deductible and any applicable co-payment or coinsurance amounts. If non-network providers are used, covered persons will also be responsible for payment of charges above the Maximum allowable charge.

# COVER TENNESSEE

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An Update from the office of Governor Phil Bredesen

October 6, 2006

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## STATE ISSUES REQUEST FOR PROPOSALS FOR COVERTN PLAN ADMINISTRATOR

The Division of Insurance Administration in the Department of Finance & Administration has issued the Request for Proposals (RFP) for an insurance plan administrator for CoverTN, the cornerstone of Governor Bredesen's Cover Tennessee initiative. CoverTN is an affordable and portable health insurance plan that is intended to help small business in Tennessee get basic health coverage for their employees. At least two plans will be offered to give participants a choice.

"CoverTN represents an opportunity for many working Tennesseans who are going without health insurance," said Governor Phil Bredesen. "This is not only important for these Tennesseans, but also for the growth of small businesses in our state. I am very pleased that we are taking this important step in the process."

CoverTN is a partnership between the state, employers and their employees to create guaranteed, affordable, portable, basic health coverage for uninsured, working Tennesseans. The RFP designates parameters for benefit plans, but does not define the benefit package. Proposals are due November 27, 2006 for a projected contract start date of January 15, 2007.

"The competitive procurement for this plan will ultimately define the benefits we are able to offer under CoverTN, so this RFP is very important step in bringing this product to market," said Dave Goetz, Commissioner of the Department of Finance & Administration. "This is a different kind of animal for the health insurance world...it is a defined contribution health plan, not a defined benefit plan. The market will come back and tell us what is possible for the amount of money Tennesseans are putting into this program. The competitive procurement will ensure that our contribution buys the most for the money."

The RFP stipulates that plans must include several categories of benefits with maximum co-payments including hospital inpatient and outpatient services, outpatient behavioral health, physician services,

pharmacy, ambulance, urgent care, radiology and pathology. (Complete minimum requirements are specified in Attachment 6.4, Part B, pages 92-94.) Plans need not include maternity since that coverage will be available under another program in the Cover Tennessee initiative, CoverKids.

CoverTN premiums are estimated at an average of \$150 per month but will vary based on age, tobacco use and BMI. The state and a participating employer will each contribute 1/3 of the premium amount and the covered employee will pay the final 1/3.

At launch, CoverTN will be available only to employees of qualified small businesses (25 or fewer employees) and sole proprietors, but in Phase 2 the State will expand eligibility to companies of up to 50 employees and to individuals who work for non-participating employers. CoverTN is a voluntary program for qualified employers who want to participate. Coverage will also be available for spouses of CoverTN plan participants.

Initial plan eligibility is open to employers that:

- Are located in Tennessee
- Have 25 or fewer full time equivalent employees
- Offer the plan to all employees
- Have at least half of the workforce earning \$41,000 or less
- Have not offered health insurance to employees for at least 6 months, or if health insurance was offered within the last 6 months, the employer has paid less than 50% of the premiums

Interested employers may pre-qualify to offer CoverTN at [www.CoverTN.gov](http://www.CoverTN.gov). A company that has pre-qualified will receive enrollment materials as soon as they are available, but will not be obligated to participate based on the pre-qualification.

Portability means that the individual will own this policy and can maintain the coverage if they leave the participating employer. Self-employed individuals, CoverTN plan participants who have left their participating employer, and spouses will receive the state's 1/3 premium contribution, but will have to pay the other 2/3.

Enrollment is expected to begin within the first

quarter of 2007. Information on all Cover Tennessee programs is available at [www.CoverTN.gov](http://www.CoverTN.gov). Tennesseans are encouraged to sign up for updates at [www.CoverTN.gov](http://www.CoverTN.gov) or by calling 1-866-COVERTN to be certain to receive more information as it becomes available.

The RFP may be found at <http://www.state.tn.us/finance/rds/ocr/rfp.html>.

## Proposed Benefit Package for Children Enrolled in CoverKids

*As submitted to CMS September 6, 2006*

| BENEFIT  | FAMILY INCOME BETWEEN<br>150-250% FPL  | FAMILY INCOME<br>AT OR BELOW 150% FPL   |
|--|--|---|
| Annual Deductible  | None   | None  |
| Pre-existing Condition Requirement   | None   | None  |
| Physician Office Visit   | \$15 co-pay PCP; \$20 co-pay specialist  | \$5 co-pay PCP or specialist  |
| Hospital Care  | \$100 per admission<br>(waived if readmitted within<br>48 hours for same episode)                              | \$5 per admission<br>(waived if readmitted within<br>48 hours for same episode)                               |
| Prescription Drug<br>Coinsurance/Copay                                     | \$5 generic; \$20 preferred brand;<br>\$40 non-preferred brand   | \$1 generic; \$3 preferred brand;<br>\$5 non-preferred brand  |
| Maternity  | \$15 co-pay OB, first visit only; \$20 co-pay<br>specialist; \$100 hospital admission                          | \$5 co-pay OB or specialist, first visit only; \$5<br>hospital admission                                      |
| Routine Health Assessment and<br>Immunizations – Child                     | No co-pays for services rendered under American<br>Academy of Pediatrics guidelines                            | No co-pays for services rendered under<br>American Academy of Pediatrics guidelines                           |
| Emergency Room   | \$50 co-pay per use<br>(waived if admitted)  | \$5 co-pay per use in case of an emergency<br>(waived if admitted);<br>\$10 co-pay per use for non-emergency  |
| Chiropractic Care  | \$15 co-pay; Maintenance visits not covered when<br>no additional progress is apparent or expected to<br>occur | \$5 co-pay; Maintenance visits not covered<br>when no additional progress is apparent or<br>expected to occur |
| Ambulance Service – Air & Ground   | No co-pay<br>100% of reasonable charges when deemed<br>medically necessary by claims administrator             | No co-pay<br>100% of reasonable charges when deemed<br>medically necessary by claims administrator            |
| Lab and X-ray  | No co-pay<br>100% benefit  | No co-pay<br>100% benefit   |
| Physical, Speech & Occupational<br>Therapy                                 | \$15 co-pay per visit;<br>Limited to 52 visits per year per condition  | \$5 co-pay per visit;<br>Limited to 52 visits per year per condition  |
| Mental Health Inpatient<br>(preauthorization required)                     | \$100 co-pay per admission;<br>Limited to 30 days per year   | \$5 co-pay per admission;<br>Limited to 30 days per year  |
| Substance Abuse Inpatient<br>(preauthorization required)                   | \$100 co-pay per admission;<br>Limited to two 5-day detox stays per lifetime;<br>plus one 28-day lifetime stay | \$5 co-pay per admission;<br>Limited to two 5-day detox stays per lifetime;<br>plus one 28-day lifetime stay  |
| Mental Health/Substance Abuse<br>Outpatient<br>(preauthorization required) | \$20 co-pay per session; Limited to 52 sessions<br>mental health and substance abuse combined                  | \$5 co-pay per session; Limited to 52 sessions<br>mental health and substance abuse combined                  |
| Annual Out-of-Pocket Maximums  | 5% of family income  | 5% of family income   |



## STATE AWARDS CONTRACT FOR COVERRX

A contract has been awarded to a pharmacy benefit manager to provide affordable prescription drugs to qualified low-income adults who do not have access to pharmacy benefits.

CoverRx is part of Governor Bredesen's Cover Tennessee initiative to create health insurance options for the uninsured. The CoverRx contract was awarded to Express Scripts, one of America's largest pharmacy benefit managers.

"CoverRx is a modern, fiscally responsible approach to provide basic prescription drug coverage to Tennesseans without drug coverage or who don't have any insurance at all," Bredesen said. "This is a practical, down-to-earth effort to help Tennesseans who are today outside the health care window looking in."

CoverRx will replace the pharmacy assistance program developed under the Health Care Safety Net created in 2005. CoverRx will provide access to an expanded drug list, continue providing mental health drugs and expand pharmacy assistance to other low-income adults ages 19 to 64.

CoverRx has a mainly generic formulary of over 200 drugs, insulin and diabetic supplies, plus atypical antipsychotics and mood stabilizers for authorized

### Eligibility for CoverRx includes:

- Tennessee resident (6 months)
- U.S. citizen or qualified alien
- Age 19 - 64
- Uninsured or no access to pharmacy benefits
- Household income of 250% FPL or less (\$50,000 per year for a family of four)

participants. There will be a five- prescription limit (excluding insulin and diabetic supplies), along with a sliding scale for co- payments ranging from \$3 to \$15 based on income and the prescribed medication (brand or generic).

Mental Health Safety Net participants will be auto-enrolled in the program. Community Mental Health Agencies may authorize access to the the CoverRx restricted formulary for other CoverRx applicants and participants.

In October, Kendra Gipson was formally hired to direct CoverRx. Gipson has been with the state for nine years working most recently as a Senior Management Consultant in the Department of Finance & Administration's Office of Consulting Services.

| Persons in Household | Below FPL   | FPL to 149% FPL  | 150% FPL to 250% FPL   |
|----------------------|---|--|--|
| 1                    | \$0 - \$9,799   | \$ 9,800 - \$14,699  | \$14,700 - \$24,500  |
| 2                    | \$0 - \$13,199  | \$13,200 - \$19,799  | \$19,800 - \$33,000  |
| 3                    | \$0 - \$16,599  | \$16,600 - \$24,899  | \$24,900 - \$41,500  |
| 4                    | \$0 - \$19,999  | \$20,000 - \$29,999  | \$30,000 - \$50,000  |
| 5                    | \$0 - \$23,399  | \$23,400 - \$35,099  | \$35,100 - \$58,500  |
| 6                    | \$0 - \$26,799  | \$26,800 - \$40,199  | \$40,200 - \$67,000  |
| 7                    | \$0 - \$30,199  | \$30,200 - \$45,299  | \$45,300 - \$75,500  |
| 8                    | \$0 - \$33,599  | \$33,600 - \$50,399  | \$50,400 - \$84,000  |
| Co-Pay Structure     | <b>Generics:</b> \$3<br><b>Brands:</b> \$5<br><b>All Others:</b> Lesser of Discount, MAC or U&C | <b>Generics:</b> \$6<br><b>Brands:</b> \$10<br><b>All Others:</b> Lesser of Discount, MAC or U&C | <b>Generics:</b> Lesser of \$10 or U&C<br><b>Brands:</b> \$15<br><b>All Others:</b> Lesser of Discount, MAC or U&C |